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Patricia Banks Morrison
Senior Counsel

tmorrison@scana.com



April 7, 2006

The Honorable Charles L.A. Terreni
Chief Clerk & Administrator
Public Service Commission of South Carolina
ATTN: Docketing Department
101 Executive Center Drive
Columbia, South Carolina 29210

Re: Application by South Carolina Electric & Gas Company for Authority to
Issue \$35,465,000 of its First and Refunding Mortgage Bonds to be
Secured by its Existing Mortgage

SC
PUBLIC
UTILITY
COMMISSION
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Dear Mr. Terreni:

Please find enclosed the original and ten (10) copies of South Carolina Electric & Gas Company's referenced Application for filing. I would appreciate your stamping the extra copy and return it with our courier. If you should have any questions please do not hesitate to call. As the deadline for issuing the bonds described in this Application is June 1, 2006, SCE&G would appreciate your placing this on the Commission's docket early enough to allow for a decision prior to May 17, 2006.

Thank you for your assistance in this matter.

With kind regards,

Patricia Banks Morrison

PBM/kms

cc: Dan Arnett, ORS

**BEFORE THE
PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA**

**IN RE: APPLICATION BY SOUTH CAROLINA)
ELECTRIC & GAS COMPANY FOR AUTHORITY)
TO ISSUE \$35,465,000 OF ITS FIRST AND)
REFUNDING MORTGAGE BONDS TO)
BE SECURED BY ITS EXISTING MORTGAGE.)**

APPLICATION

DOCKET NO. 2006-106-E

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SO. PUBLIC SERVICE
COMMISSION

1. INTRODUCTION

South Carolina Electric & Gas Company (the "Applicant"), a corporation organized under the laws of South Carolina, hereby makes application pursuant to §58-27-1710, S.C. Code of Laws (1976) as amended, to the Public Service Commission of South Carolina (the "Commission") for power and authority to issue \$35,465,000 principal amount of its First and Refunding Mortgage Bonds, 0% Series due December 31, 2098 ("2098 Series Bonds"), for deposit with JPMorgan Chase Bank, N.A. (successor to Central Hanover Bank & Trust Company) as trustee (the "Old Trustee") under Applicant's Indenture dated as of January 1, 1945, as amended and supplemented (the "Old Indenture"), in partial satisfaction of the "sinking fund requirement" (calculated on the basis of bonds outstanding on December 31, 2005) of the Old Indenture.

2. CORRESPONDENCE

Correspondence with respect to this Application should be addressed to the following persons:

* James E. Swan, IV
Controller
South Carolina Electric & Gas Company
Post Office Box 764
Columbia, South Carolina 29218
(803) 217-6017

Francis P. Mood, Jr.
General Counsel
SCANA Corporation
Post Office Box 764
Columbia, South Carolina 29218
(803) 217-8634

* Patricia B. Morrison
Attorney
SCANA Corporation
Post Office Box 764
Columbia, South Carolina 29218
(803) 217-7880

* Persons for service.

3. BUSINESS

Applicant is an electric utility operating in the State of South Carolina, serving the central, southern and southwestern portions of the State with electric service, and it also furnishes natural gas service to the Cities of Columbia and Charleston, South Carolina, their respective environs and to many other communities, industrial customers and wholesale customers located throughout its service area in South Carolina.

4. AMOUNT AND CHARACTER OF SECURITIES

A.

The Old Indenture provides, inter alia, that Applicant may issue and have outstanding and secured thereby at any one time, under certain stipulated conditions, a maximum of \$5,000,000,000 in bonds. There are presently outstanding under the Old Indenture \$2,945,806,000 principal amount of bonds. Of the \$2,945,806,000 bonds outstanding, \$2,815,035,000 principal amount of bonds have been issued under the Old Indenture to The Bank of New York, as trustee (the "New Trustee") under Applicant's Indenture dated as of April 1, 1993, as supplemented (the "New Indenture"), to provide security for bonds issued from time to time under the New Indenture.

B.

Applicant now proposes to issue 2098 Series Bonds as hereinafter delineated and set forth on the basis of a like principal amount of bonds authenticated and delivered under the Old Indenture which have been paid, retired, redeemed, canceled or surrendered for cancellation as permitted by Section 5.01 of the Old Indenture. The 2098 Series Bonds will be issued under the Fifty-third Supplemental Indenture to the Old Indenture and will (i) amount to \$35,465,000 in principal amount, (ii) be dated as of the date of authentication and mature December 31, 2098, (iii) be issued and authenticated on or before June 1, 2006, (iv) bear no interest and (v) be redeemable as set forth in said Fifty-third Supplemental Indenture.

5. PURPOSE OF ISSUE

Section 2.12 of the Old Indenture provides that as long as any bonds secured thereby are outstanding, Applicant will, on or before June 1 in each year commencing with the year 1956, deposit with the Old Trustee the “sinking fund requirement” called for therein. The “sinking fund requirement,” as calculated thereunder, required to be deposited on or before June 1, 2006, is \$35,465,674. Said Section 2.12 provides that such “sinking fund requirement” may be satisfied by the deposit of cash or bonds authenticated under said Old Indenture.

The purpose for which said \$35,465,000 principal amount of 2098 Series Bonds are to be issued is to deposit them with the Old Trustee in order to allow the Applicant to use the bonds to partially satisfy said “sinking fund requirement” and minimize the expenditure of cash, thereby conserving the Applicant’s cash for use in connection with its construction program and for general corporate purposes; and that upon the issuance and authentication of said \$35,465,000 additional principal amount of 2098 Series Bonds and their deposit with the Old Trustee, as aforesaid, said \$35,465,000 additional principal amount 2098 Series Bonds will immediately be canceled as provided in the Old Indenture.

6. TERMS OF ISSUANCE, SALE AND CONSIDERATION

A.

The said \$35,465,000 principal amount of 2098 Series Bonds are to be deposited with the Old Trustee to meet the “sinking fund requirement” and are not to be sold and, accordingly, no consideration will be received therefor other than the conservation of the Applicant’s cash as stated above.

B.

If approval of this Application is delayed beyond June 1, 2006, Applicant would be required to deposit the total “sinking fund requirement” in cash with the Old Trustee.

7. FINANCIAL STATEMENT OF APPLICANT

A.

The financial condition of the Applicant as of December 31, 2005 is shown by financial statements hereto annexed and made a part hereof as "Exhibit A."

B.

The issuance of the 2098 Series Bonds will have no effect on Applicant's financial condition or on its financial statements.

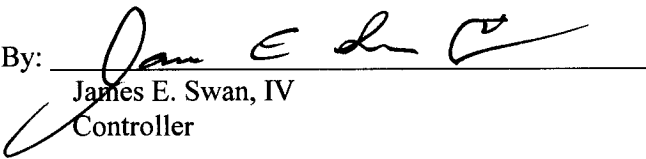
8. COMPLIANCE WITH ORDER NO. 91-032-E

In compliance with the provisions of Order No. 91-032-E, dated January 18, 1991, Docket No. 91-72, Applicant submits "Exhibit B" containing information required by the said Order.


WHEREFORE, the Applicant requests that the Commission make such investigation as it may deem necessary in accordance with the law and grant to Applicant an approving certificate for the issuance of \$35,465,000 principal amount, First and Refunding Mortgage Bonds, 0% Series due December 31, 2098, as is herein before set forth and delineated.

SOUTH CAROLINA ELECTRIC & GAS COMPANY

By:


James E. Swan, IV
Controller

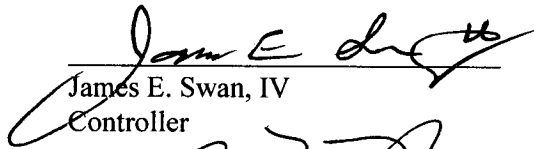
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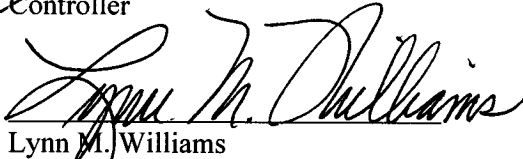

Lyn M. Williams
Secretary

March 24, 2006

STATE OF SOUTH CAROLINA)
)
COUNTY OF RICHLAND)

PERSONALLY APPEARED before me James E. Swan, IV and Lynn M. Williams, who on oath say, each for himself or herself, that they are, respectively, Controller and Secretary of South Carolina Electric & Gas Company, Applicant herein, and make this verification on its behalf; that they have read the foregoing and attached Application and that the statements of fact therein are true of their own knowledge; and that as to the opinions expressed herein, they believe them to be true.


James E. Swan, IV
Controller


Lynn M. Williams
Secretary

SWORN TO before me this
24th day of March, 2006

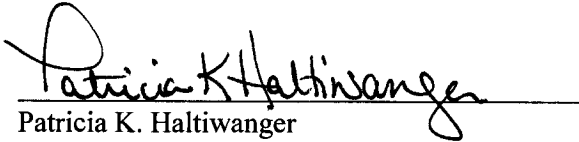

Patricia K. Haltiwanger
Notary Public for South Carolina
My Commission expires May 15th, 2006.

EXHIBIT B

SCE&G APPLICATION OF MARCH 24, 2006 FOR AUTHORIZATION TO ISSUE FIRST AND REFUNDING MORTGAGE BONDS

- 1. Identify the effect on the income statement and balance sheet of the proposed financing.**

None.

- * 2. Identify specifically how the funds obtained through the proposed financing are to be used by the Company.**

No funds will be generated. The bonds are to be issued and immediately canceled to satisfy the sinking fund requirements of SCE&G's Old Indenture.

- 3. Provide information of the possible impact on the Company if the proposed financing is not approved or if approval is delayed.**

If the Order is not approved and issued by June 1, 2006, SCE&G either would be in default under the Old Indenture or required to use cash to satisfy the sinking fund requirement.

- * 4. Specify the expected effective rate of interest of any debt financing (a range for the rate is appropriate). For common stock issues, provide information on the anticipated market price and book value per share at the time of issue.**

Not applicable. The bonds are to be immediately canceled upon issuance.

- 5. Provide information on the expected benefits (example – savings expected from early debt retirement) and costs (example - issuance expenses) of the proposed financing. Provide any studies that were developed to identify these costs and benefits and the net result. (This could incorporate present value analysis of the costs/benefits.)**

Identify the basic assumptions of any analyses of costs/benefits.

The deposit of cash with the Old Trustee would make the cash unavailable for SCE&G's construction program and for general corporate purposes for an indefinite period. From a cash budgeting standpoint, it is more efficient for SCE&G to deposit bonds with the Old Trustee.

6. Identify the impact on the firm's capital structure of the proposed new financing.

None.

* If the financing application is for a shelf registration, the responses to these questions should be based on the best information available at the time of the application. If the filed information becomes outdated due to changes in the financial markets and change in the Company's funding requirements, updated information should be provided within a reasonable period after any shelf registration financing.

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA

DOCKET NO. 2006 - ____ -E - ORDER NO. 2006 - _____
_____, 2006

IN RE: Application of South Carolina Electric & Gas)	ORDER
Company for Authority to Issue \$35,465,000 of)	AUTHORIZING
its First and Refunding Mortgage Bonds to be)	ISSUANCE
Secured by its Existing Mortgage.)	OF BONDS

This matter comes before the Public Service Commission of South Carolina (the “Commission”) by way of an Application, dated March __, 2006, and filed on March __, 2006, by South Carolina Electric & Gas Company (the “Company”) (successor corporation to the South Carolina Power Company), whereby the Company sought certain relief in the nature of the authorization of a specific financing transaction pursuant to §58-27-1710, S.C. Code of Laws (1976). According to its Application, the Company proposes to issue \$35,465,000 principal amount of its First and Refunding Mortgage Bonds, 0% Series due December 31, 2098, to be dated as of the date of authentication, to mature on December 31, 2098, and to bear no interest. The bonds are to be deposited with JPMorgan Chase Bank, N.A., as trustee (the “Trustee”) of the Company’s Indenture, dated as of January 1, 1945, as amended and supplemented (the “Old Indenture”), to satisfy, in part, that Old Indenture’s “sinking fund requirement,” which becomes due on June 1, 2006. According to the Application, the bonds will be canceled by the Trustee pursuant to the terms of the Old Indenture.

The Company's Application asserts that the proposed issuance of the bonds is intended to "partially satisfy said 'sinking fund requirement' and minimize the expenditure of cash, thereby conserving the Applicant's cash for use in connection with its construction program and general corporate purposes." The principal amount of the bonds proposed to be issued will be deposited with the Trustee and will not be sold. As a consequence, no consideration will be received by the Company other than the preservation of its cash for its construction program.

Upon full investigation and review of the Company's Application and the assertions therein, the Commission is of the opinion, and so finds, that the purpose of the proposed issuance is proper and that the amount of the issue is reasonably necessary to accomplish the purpose for which the issuance is to be made. Consequently, the Commission finds that the relief sought in the Company's Application should be granted.

IT IS THEREFORE ORDERED:

1. That South Carolina Electric & Gas Company (successor corporation to the South Carolina Power Company) (the "Company"), be, and hereby is, authorized to issue an additional \$35,465,000 principal amount of First and Refunding Mortgage Bonds, 0% Series due December 31, 2098, to be dated the date of authentication thereof, to mature December 31, 2098, and to bear no interest; that further, such bonds are to be issued under and pursuant to the terms of the Indenture of the Company, dated as of January 1, 1945, as amended and supplemented by fifty-three supplemental indentures, and are to be redeemable as specified in the Fifty-third Supplemental Indenture to the Old Indenture;

2. That the Company is authorized to deposit said \$35,465,000 principal amount of bonds with JPMorgan Chase Bank, N.A. Trustee, to satisfy, in part, the “sinking fund requirement,” which becomes due on June 1, 2006, under the sinking fund provided for in said Old Indenture, which bonds shall thereupon be canceled by said Trustee pursuant to the terms of the Old Indenture;

3. That this Order shall not in any way affect or limit the right, duty or jurisdiction of the Commission to further investigate and order revisions, modifications or changes with respect to any provision of this Order in accordance with the law, nor shall this Order dictate the ratemaking treatment of this transaction by the Commission; and

4. That this Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:

Chairman

ATTEST:

(SEAL)